

Minerals Management Service

Royalty Management Program

Royalty Policy Committee

Status of Subcommittee Action Items

February 2000

ROYALTY MANAGEMENT PROGRAM
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Subcommittee Name	Date Formed	Subcommittee Chair	Subcommittee/RPC Action	RMP Status
1. Royalty Reporting and Production Accounting	September 13, 1995	David Blackmon	Report & Recommendations approved by RPC on June 4, 1996.	<ul style="list-style-type: none"> The RMP developed detailed action plans for implementing recommendations for royalty and production reporting, and the Payor Information Form during July 1996. Incorporated long term recommendations in <u>Reengineering Business Processes and Support Systems for the 21st Century</u>; the Preliminary Design Concepts of the RMP Reengineering Team. <p style="text-align: right;">(Completed)</p>
2. Valuation	September 13, 1995	Maurice Lierz	<ul style="list-style-type: none"> Informed the RPC that the Subcommittee was unable to reach consensus on 8 issues and recommended it be disbanded. RPC disbanded the Subcommittee on June 4, 1996. 	(Completed)

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3. Audit	September 13, 1995	Perry Shirley, Darrell Gingerich	<ul style="list-style-type: none"> • Report & Recommendations approved by RPC on June 4, 1996. • The Report excluded coal issues, which will be addressed by that subcommittee. 	<p>The RMP presented a 12 point draft Audit Action Plan to the RPC during December 1996 addressing all recommendations, and incorporated the changes as appropriate in the <u>Audit Manual</u> released 1-16-98.</p> <p style="text-align: right;">(Completed)</p>
4. Appeals, Settlements and Alternative Dispute Resolution	September 13, 1995	Hugh Schaeffer	<ul style="list-style-type: none"> • Interim report presented to the RPC on June 4, 1996. • Final Report & Recommendations approved by RPC on March 21, 1997. 	<ul style="list-style-type: none"> • The Secretary responded by letter accepting most of the recommendations. • Report was officially considered part of the comments on the proposed appeals rule. • RMP published a proposed rulemaking on January 12, 1999, and finalized RSFA required appeals issues on May 13, 1999.

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5. Nonconventional Alternatives	September 13, 1995	Larry Nichols	No subcommittee meetings were held and no actions taken. RPC disbanded the Subcommittee on January 20, 1999.	(Completed)

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6. Disbursements (Including Net Receipt Sharing)	September 13, 1995	Steve Reynolds	<ul style="list-style-type: none"> • Interim report presented to the RPC on June 4, 1996, March 21, 1997, September 25, 1997 and January 26, 1998. • The Subcommittee delayed action until it could review GAO and OIG reports. • A final report was presented to the RPC during the September 1998 meeting. The RPC forwarded the report without action to the three agencies for consideration on its own merit, with a request that the agencies respond to the legal and accounting issues which have been raised. 	<ul style="list-style-type: none"> • The Solicitor's Office memorandum to BLM dated April 14, 1998 concluded that pre-leasing costs must be included in NRS deductions. RMP completed NRS correction disbursements with interest in August 1999 as advised by the Solicitor's Office. • RMP responded to the recommendations during the January 20, 1999 RPC meeting, and provided a status report during the June 16, 1999 meeting.

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7. Coal	September 13, 1995	Ron Cattany	<ul style="list-style-type: none"> • Interim reports presented to the RPC on June 4, 1996, March 21, 1997, January 25, 1998, September 22, 1998 and January 20, 1999. • On March 21, 1997 the RPC approved Subcommittee recommendations to request MMS provide a memo on the application of RSFA to solids & geothermal, and a Solicitor's opinion on the delegation of management of these leases. • On September 25, 1997, the RPC approved a request for a Solicitor's Office opinion on the ownership of coal waste piles. • The RPC approved the Subcommittee's Coal Audits final report on January 25, 1998. 	<ul style="list-style-type: none"> • Delegation cannot include solids and geothermal leases, but 205 audits can continue, according to the Solicitor's Office. The delegation rule (62 FR 43076, August 12, 1997) incorporated this opinion. • The request for a legal opinion regarding the royalty obligations for coal waste piles was signed by the MMS Director on March 11, 1998, and forwarded to the Solicitor's Office. • The MMS Director signed a letter to the RPC June 15, 1998 that implemented the Coal Audit Final Report.

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8. Phosphate, Trona and Leaseable Solid Minerals	September 13, 1995 Reorganized September 25, 1997	Steve Reynolds	Interim report presented to the RPC on June 4, 1996. The Final phosphate Report & Recommendations approved by RPC on March 21, 1997. The Sodium/Potassium subgroup presented Interim reports to the RPC on September 22, 1998, January 20, 1999 and June 16, 1999; and plans to present an interim report to the RPC during the February 4, 2000 meeting.	<ul style="list-style-type: none"> • The Secretary of the Interior approved RPC's recommendations on October 16, 1997. • RMP published a notice in the <u>Federal Register</u> soliciting comments on a proposal to adopt a new method for phosphate value determination on March 24, 1998, using three indices. Subsequently, RMP was notified that one of these indices will no longer be available. RMP published a final notice in the <u>Federal Register</u> on March 26, 1999 providing a new method of determining the value of production used to compute royalties on phosphate ore produced from Federal leases on western public lands, effective April 26, 1999.

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9. Lessee-Designee Requirements	September 25, 1997	Mary Stonecipher Brad Simpson	RPC discussed the issues on January 25, 1998. The Subcommittee's findings and recommendations were approved by the RPC September 22, 1998.	The MMS requested comments on the form MMS-4425--Designation of Royalty Payment Responsibility on November 13, 1998. RMP also responded to the recommendations during the January 20, 1999 RPC meeting.
10. Freedom of Information Act	June 16, 1999	David Harrison George Butler	The Subcommittee is scheduled to provide a status report during the February 4, 2000 meeting.	
11. Accounting Relief for Marginal Properties	June 16, 1999	John Clark Gary Carlson	The Subcommittee is scheduled to provide a status report during the February 4, 2000 meeting.	